

DEPARTMENT OF SOCIAL SERVICES  
744 P Street, Sacramento, CA 95814



October 28, 1988

ALL-COUNTY INFORMATION NOTICE NO. I-109-88  
ALL-FSA INFORMATION NOTICE NO. I-34-88

TO: ALL COUNTY WELFARE DIRECTORS  
ALL DISTRICT ATTORNEYS  
ALL TITLE IV-D AGENCIES

SUBJECT: FEDERAL WELFARE REFORM LEGISLATION, FAMILY SUPPORT  
ACT OF 1988, HOUSE RESOLUTION (H.R.) 1720

The Family Support Act of 1988 (H.R. 1720) was signed by the President on October 13, 1988. This legislation impacts the Aid to Families With Dependent Children (AFDC), Child Support Enforcement, Greater Avenues for Independence (GAIN) and Medi-Cal Programs. The purpose of this letter is to share with you a copy of the Summary of Conference Agreement on H.R. 1720.

Each affected organization within the Department of Social Services will be studying the provisions of H.R. 1720 and assessing the programmatic and fiscal impact of this bill. Also, the Department of Health Services will be addressing the impact on Medi-Cal. If you have any questions regarding the summary, you may contact the following persons:

AFDC: Cindy Lan, AFDC Policy Bureau at (916) 324-2158  
or ATSS 454-2158.

Child Support Enforcement: Debra Sanchez, Child  
Support Management Bureau at (916) 322-8495 or ATSS  
492-8495.

GAIN: Jan Howard, GAIN and Employment Services Policy  
Bureau at (916) 323-5206 or ATSS 473-5206.

A handwritten signature in cursive script, reading "Linda S. McMahon", is positioned above the typed name.

LINDA S. McMAHON  
Director

cc: CWDA

Attachment

SUMMARY OF CONFERENCE AGREEMENT ON H.R. 1720

I. CHILD SUPPORT AND ESTABLISHMENT OF PATERNITY

A. Guidelines for Child Support Award Amounts --

Judges and other officials would be required to use State guidelines for child support unless they are rebutted by a written finding that applying the guidelines would be unjust or inappropriate in a particular case. States must review guidelines for awards every four years. Beginning five years after enactment, States generally must review and adjust individual case awards every three years for AFDC cases. The same applies to other IV-D cases, except review and adjustment must be at the request of a parent.

B. Establishment of Paternity --

States would be required to meet Federal standards for the establishment of paternity. The standard would relate to the percentage obtained by dividing the number of children in the State who are born out of wedlock, are receiving cash benefits or IV-D child support services, and for whom paternity has been established by the number of children who are born out of wedlock and are receiving cash benefits or IV-D child support services. To meet Federal requirements, this percentage in a State must (1) be at least 50 percent; (2) be at least equal to the average for all States, or (3) have increased by 3 percentage points from FY 1988 to 1991 and by 3 percentage points each year thereafter.

States would be mandated to require all parties in a contested paternity case to take a genetic test upon request of any party.

The Federal matching rate for laboratory testing to establish paternity would be 90 percent.

C. Disregard of Child Support --

The child support enforcement disregard authorized under the 1984 Deficit Reduction Act would be clarified so that it applies to a payment made by the noncustodial parent in the month it was due even though it was received in a subsequent month.

D. Requirement for Prompt State Response --

The Secretary of Health and Human Services would be required to set time limits within which States must accept and respond to requests for assistance in establishing and enforcing support orders as well as time limits within which child support payments collected by the State IV-D agency must be distributed to the families to whom they are owed.

E. Requirement for Automated Tracking and Monitoring System --

Every State that does not have a Statewide automated tracking and monitoring system in effect must submit an advance planning document that meets Federal requirements by October 1, 1991. The Secretary must approve each document within 9 months after submission. By October 1, 1995, every State must have an approved system in effect. Federal matching rates of 90 percent for this activity will expire after September 30, 1995.

F. Interstate Enforcement --

A Commission on Interstate Child Support Enforcement would be established to hold one or more national conferences on interstate child support enforcement reform, and to report to Congress on recommendations for improvements in the system and revisions in the Uniform Reciprocal Enforcement of Support Act.

G. Exclude Interstate Demonstration Grants in Computing Incentive Payments --

Amounts spent by States for interstate demonstration projects would be excluded in calculating the amount of the States' incentive payments.

H. Use of INTERNET System --

The Secretaries of Labor and HHS would be required to enter into an agreement to give the Federal Parent Locator Service prompt access to wage and unemployment compensation claims information useful in locating absent parents.

I. Wage Withholding --

With respect to IV-D cases, each State must provide for immediate wage withholding in the case of orders that are issued or modified on or after the first day of the 25th month beginning after the date of enactment unless: (1) one of the parties

demonstrates, and the court finds, that there is good cause not to require such withholding, or (2) there is a written agreement between both parties providing for an alternative arrangement. Present law requirements for mandatory wage withholding in the cases where payments are in arrears would apply to orders that are not subject to immediate wage withholding.

States would be required to provide for immediate wage withholding for all support orders initially issued on or after January 1, 1994, regardless of whether a parent has applied for IV-D services.

J. Work and Training Demonstration Programs for Noncustodial Parents --

The Secretary of HHS would be required to grant waivers to no more than 5 States to allow them to provide services to non-custodial parents under the JOBS program. No new power is granted to the States to require participation by non-custodial parents.

K. Data Collection and Reporting --

The Secretary of HHS would be required to collect and maintain State-by-State statistics on paternity determination, location of an absent parent for the purpose of establishing a support obligation, enforcement of a child support obligation, and location of an absent parent for the purpose of enforcing or modifying an established obligation.

L. Use of Social Security Number --

Each State would be mandated in the administration of any law involving the issuance of a birth certificate to require each parent to furnish his or her social security number (SSN), unless the State finds good cause for not requiring the parent to furnish it. The SSN shall not appear on the birth certificate, and the use of the SSN obtained through the birth record would be restricted to child support enforcement purposes except under certain circumstances.

M. Notification of Support Collected --

Each State would be required to inform families receiving welfare of the amount of support collected on their behalf on a monthly basis, rather than annually as provided under present law. States may provide quarterly notification if the

Secretary of HHS determines that monthly reporting imposes an unreasonable administrative burden. This would be effective 4 years after the date of enactment.

Title II. Job Opportunities and Basic Skills Training Program

A. Purpose --

Each State would be required to establish and operate a Job Opportunities and Basic Skills Training (JOBS) program to assure that needy families with children obtain the education, training, and employment that will help them avoid long-term welfare dependence.

B. Requirement for a Statewide Program --

Not later than 2 years after the mandatory effective date, the State must make the program available in each subdivision of the State where it is feasible. If the State determines that the program is not to be available in all political subdivisions, it must provide appropriate justification to the Secretary.

C. State Plan Requirements --

Each State would be required to develop and periodically update a State plan (approved by the Secretary) describing how the State intends to implement the program in conformity with the requirements of the statute including requirements with regard to such areas as contract authority, private sector involvement, and coordination.

D. Federal Administrative Responsibility --

A new Office of Assistant Secretary of HHS would be established as of February 1, 1989 to administer the new welfare program. The Secretaries of HHS and Labor would be required to issue joint regulations with respect to working conditions, wage rates, workers' compensation, and displacement in JOBS program activities.

E. State and Local Administration --

The State welfare agency would be responsible for the administration (or supervision of the administration) of the JOBS program.

F. Coordination with other Programs --

The Secretary of HHS would be required to consult with the Secretaries of Education and Labor on a continuing basis to assure maximum coordination of services. The Governor must assure that program activities are coordinated with programs operated under JTPA and other relevant employment, training, and education programs. The State job training coordinating council would have an opportunity to review and comment on State plans. The State agency would also consult with the State education agency and the agency responsible for administering job training programs.

G. Contract Authority/Involvement of Private Sector --

The State welfare agency would be allowed to administer the program directly or through arrangements or contracts with JTPA administrative entities, State and local educational agencies, and with other public or private organizations (including community-based organizations as defined in section 4(5) of JTPA). The State welfare agency would be required to use the services of each private industry council (PIC) to identify and provide advice on the types of jobs available or likely to become available in each JTPA service delivery area.

H. Requirement for Participation --

1. Exemption from participation -- To the extent resources are available, States would require non-exempt AFDC recipients to participate in the JOBS program. Exempt Applicants and recipients could participate on a voluntary basis. Exempt recipients would be those who are: (1) ill, incapacitated, or of advanced age; (2) needed in the home because of the illness or incapacity of another member of the household; (3) parents caring for a young child (under age 3 or a younger age selected by the State, but not under age 1) (4) employed 30 or more hours a week; (5) a child under age 16 or attending, full time, an elementary, secondary or vocational school; (6) a woman who is in at least the second trimester of pregnancy; and (7) residing in an area where the program is not available;

2. Participation Rates/Work Requirements -- The bill establishes certain minimum participation standards for fiscal years 1990-1995. In fiscal year 1990, at least 7% of the non-exempt caseload

must participate in the JOBS program. The minimum participation rates in subsequent fiscal years are 7% in FY91, 11% in FY92-3, 15% in FY94 and 20% in FY95.

The bill also requires that a parent in each Unemployed Parent (AFDC-UP) family must participate at least 16 hours per week in a work activity. This requirement would be effective in fiscal years 1994-1998. The percentage of families required to meet this work requirement would be 40% in FY94, 50% in FY95, 60% in FY96, and 75% in FY97 and FY98.

These requirements may be waived under certain circumstances.

I. Program Sanctions --

1. General Requirement -- Sanctions would be applied to a nonexempt recipient if he or she: (1) fails without good cause to participate in the program, or (2) refuses without good cause to accept a bona fide offer of employment.

2. Nature of Sanction -- When the sanction is applied, the participant's needs must not be taken into account in determining the family's benefits.

3. Length of Sanction -- (1) in the case of the first failure to comply, until the failure to comply ceases; (2) in the case of the second failure to comply, until the failure to comply ceases or 3 months, whichever is longer; (3) in the case of any subsequent failure to comply, until the failure to comply ceases or 6 months, whichever is longer. Lack of child care necessary for participation, or failure of the State agency to provide necessary child care, would be good cause for refusal to participate or accept employment.

J. Fair Hearing --

States could use the regular AFDC hearing process or one specially designed for the JOBS program. Assistance could not be suspended, reduced, discontinued, or terminated until an individual is provided a fair hearing meeting the due process standards set forth by the U.S. Supreme Court in Goldberg v. Kelly - 1970.

K. Assessment and Certification --

The State agency would be required to assess: (1) the education, child care, and supportive services

needs of each participant; (2) the work experience and employment skills of each participant; and (3) each individual's family circumstances. The State would be allowed to review the needs of the children as well as those of the adult caretaker.

L. Employability Plan --

The State must develop an employability plan for each participant. The plan must be developed in consultation with the participant.

M. Contract/Agreement --

States would be allowed to require each participant to negotiate and enter into an agreement with the agency that specifies such matters as the participant's obligations, duration of participation, and activities and services to be provided by the State. Individuals must be assisted in reviewing and understanding the agreement.

N. Case Management --

States would be allowed to require the assignment of a case manager to each participant's family.

O. Orientation --

The State agency must assure that all applicants and recipients are encouraged, assisted and required to fulfill their responsibilities to support their children by preparing for, seeking, accepting, and retaining such employment as they are capable of performing. The State agency must inform applicants and recipients of the JOBS activities and services for which they are eligible, the obligations of the State agency, and the rights, responsibilities, and obligations of participants in the JOBS program.

With respect to child care, the State agency must: (1) provide information on the types and locations of child care services accessible to participants; (2) inform participants that assistance is available to help them select appropriate child care services; and (3) upon request, provide assistance to participants in obtaining child care services.

P. Program Standards --

1. Work Standards -- The State agency must assure



that: (1) an assignment takes into account the physical capacity, skills, experience, health and safety, family responsibilities, and place of residence of the participant; (2) individuals are not discriminated against; (3) conditions of participation are reasonable; and (4) a participant would not be required, without his consent, to travel an unreasonable distance from home or remain away from home overnight to participate

2. Wage Rates -- Under the CWEP program for the first 9 months the maximum number of hours of required participation would be determined by dividing the AFDC payment by the higher of the applicable State or Federal minimum wage. After 9 months, the wage rate must be the same as for a regular employee doing the same work for the same employer, at the same site.

3. Displacement -- No work assignment may result in: (1) the displacement of a currently employed worker or position; (2) impairment of existing contracts for services or collective bargaining agreements; (3) the employment of the participant when (a) any other person is on layoff from the same or any equivalent position, or (b) the employer has terminated any regular employee or otherwise reduced his workforce with the effect of filling the vacancy with a participant under the JOBS program; and (4) any infringement of the promotional opportunities of any currently employed individual. Participants in CWEP, work experience, and work supplementation may not fill established unfilled positions.

4. Net Loss of Income -- Participants may not be required to accept a job under the JOBS program unless the State agency assures that the participant's family will experience no net loss of cash income resulting from acceptance of the job.

Q. Types of Services and Activities --

State JOBS programs must provide for a broad range of services and activities including, among others, education, job training and readiness activities. Programs must include at least two out of the following four activities: job search, CWEP or other work experience, grant diversion, or on-the-job training (OJT)).

R. Federal/State Funding --

Funding would be in the form of a capped

entitlement. The Federal matching rate would be 90% for expenditures up to the amount allotted to the State for WIN in FY87. Of additional amounts, the Federal match would be at the Medicaid matching rate, with a minimum Federal match of 60% for non-administrative costs and for personnel costs for full-time staff working on the JOBS program. The match for other administrative costs would be 50%. States would receive an amount equal to their WIN allotment for FY 87 (\$126 million for all States). The cap on the entitlement funding would be \$600 million in FY 89, \$800 million in FY 90, \$1 billion in FY 91, 92, and 93, \$1.1 billion in FY 94, and \$1.3 billion in FY 95. JOBS program funds would not be permitted to be used for construction.

S. Priority/Target Population --

Federal matching would be reduced to 50 percent unless 55 percent of funds is spent on the following target populations: (1) families in which the custodial parent is under age 24 and (a) has not completed high school or is not enrolled in high school or an equivalent course, or (b) had little or no work experience in the preceding year; (2) families in which the youngest child is within 2 years of being ineligible for assistance because of age; (3) families who have received assistance for more than 36 months during the preceding 60-month period. Volunteers must receive first consideration within target groups.

T. Grievance Procedure --

States must establish and maintain grievance procedures for resolving complaints by regular employees or their representatives that assignments violate displacement provisions. State decisions could be appealed to the Secretary of Labor.

U. Performance Standards and Reporting Requirements --

No later than 3 years after the mandatory effective date of the program, the Secretary must develop performance standards and submit recommendations to the Committees with jurisdiction over the program. Performance must be measured by outcome and not only by levels of activity or participation, and must be based on the degree of success which may be expected in helping participants increase earnings, achieve self-sufficiency, and reduce welfare dependence.

V. Evaluations/Effectiveness Studies --

Implementation and effectiveness studies would be authorized. For the evaluation study, an advisory panel to design, implement, and monitor the study would be established.

W. WIN Transition/Effective Date --

The WIN program would be repealed effective October 1, 1990 and replaced with the JOBS program. States could implement the JOBS program earlier after proposed regulations have been published.

Title III. Transitional Assistance for Families after Loss of AFDC Eligibility

A. Child Care During Participation in Work, Education, and Training --

1. General Requirement. -- The State agency would be required to guarantee child care if it determines that child care is necessary for an individual's employment. Child care would also be required to be guaranteed for education and training activities if the State agency approves the activity and determines that the individual is participating satisfactorily. The State would be required to take account of the individual needs of the child whenever it arranges child care.

2. Methods of Providing/Reimbursing -- The State agency could provide care itself, arrange care by use of contract or vouchers, provide cash or vouchers in advance to the caretaker relative, reimburse the caretaker relative, or adopt any other arrangements deemed appropriate by the agency. Reimbursement for the cost of care may not be less than the amount of the child care disregard for which the family is otherwise eligible nor more than actual cost or applicable local market rates, regardless of the method selected to provide care.

3. Federal Matching Rate -- The Federal matching rate would be the Medicaid rate.

4. Child Care Standards -- Child care would be required to meet applicable standards of State and local law. States would be required to develop guidelines for family day care. States would be required to establish procedures to assure that center-based child care will be subject to requirements designed to ensure basic health and safety, including fire safety, protections. The

State must also develop guidelines for family day care. The State would be required to provide the Secretary a description of these State and local determined requirements and guidelines, which would be used to report to Congress on the nature and content of State and local standards for health and safety. An amount of \$13 million would be authorized for each of FY 90 and FY 91 for grants to States to improve their child care licensing and registration requirements and procedures, and to monitor child care provided to AFDC children.

5. Income and Tax Treatment of Child Care Benefits -- The value of day care provided would not be treated as income for any other Federal or Federally-assisted need-based program and could not be claimed as an employment-related expense for tax purposes.

B. Transitional Child Care Assistance --

1. General Requirement -- Child care would be guaranteed to the extent the care is determined by the State agency to be necessary for an individual's employment in any case where a family has ceased to receive assistance as a result of increased hours of, or increased income from employment, or as a result of the loss of earnings disregards.

2. Limitations on Assistance -- Child care would be limited to 12 months after the last month for which the family received assistance. The Secretary of HHS would be directed to study the extent to which individuals return to the welfare rolls to requalify for additional months of transitional benefits. If the study shows that this has occurred, the Secretary would be required to issue regulations to restrict requalification.

3. Fee Requirement -- The States would be required to establish sliding-scale fee schedules based on the ability to pay of the family.

4. Study of Effects -- The Secretary of HHS would be required to study the effectiveness of the child care transition and report to Congress by January 1, 1993.

5. Termination of Child Care Transition -- The provision would take effect on April 1, 1990 and expire after September 30, 1998.

C. Transportation and Work-Related Expenses --

The State would be required to provide payment or reimbursement for necessary transportation and other work-related supportive services that the State determines are necessary to enable an individual to participate in JOBS. Federal matching would be 50%, subject to the cap on JOBS funding.

D. Transitional Medical Assistance --

The States would be required to extend Medicaid coverage for one year to families who leave cash assistance because of earnings. During the second 6 month period, States would have the option to impose an income-related premium on families with incomes above the Federal poverty level. This provision would take effect on April 1, 1990 and it would expire after September 30, 1998, when the current law 4-month transitional benefit would be reinstated.

E. Disregard of Income --

1. Changes in Income Disregards -- The standard income disregard would increase from \$75 to \$90. The disregard for child care costs would increase from \$160 to \$175 per child per month (\$200 for a child under 2 years old) and would be calculated after other disregard provisions.

2. Treatment of Earned Income Tax Credit -- The earned income tax credit would not reduce AFDC benefits.

Title IV. Related AFDC Amendments

A. Benefits for Unemployed Parents (AFDC-UP) --

All States would be required to have an unemployed parent program. States that have an unemployed parent program as of September 26, 1988 would be required to continue operating such programs without any time limit on eligibility. Other States could choose to limit benefits to as few as 6 months in any 12-month period. States would be required to provide full medicaid coverage to all family members even in months when benefits are not paid because of the time limit. The provisions relating to benefits for unemployed parents would be effective October 1, 1990, and would terminate September 30, 1998.

B. Benefits for Minor Parents --

States would be allowed to require minor parents to live with their parents in order to receive AFDC benefits.

C. Need and Payment Standards --

Each State would be required to reevaluate its need and payment standards every 3 years.

D. Study of Alternative Minimum Benefit Proposals --

Studies by the National Academy of Sciences and CBO of minimum benefit proposals would be required.

Title V. Demonstration Projects

A. Family Support Demonstrations --

Four family support demonstration projects would be authorized on education and training programs for children, early childhood development programs, community-based family support services and using nonprofit organizations to create employment opportunities.

B. Other Demonstrations --

Other demonstration projects would be authorized, including AFDC Mothers as Paid Day Care Providers, Projects to Provide Counseling and Services to High-risk Teenagers, and an extension of the Minnesota Medicaid Demonstration Project.

Title VI. Miscellaneous Provisions

A. Uniform Reporting Requirements --

The Secretary would be required to establish uniform reporting requirements to ensure effective implementation of the Medicaid and child care transitions.

B. State Reports on Social Service Funds --

States would be required to submit annual reports including specific data. The Secretary of HHS would be directed to establish uniform definitions.

C. Provisions Affecting Puerto Rico, The Virgin Islands, Guam, and American Samoa --

American Samoa would be authorized to participate

in all programs under title IV of the Social Security Act. Its funding would be limited to \$1 million per year for AFDC, foster care, and adoption assistance. Limits on grants to Puerto Rico, Virgin Islands, and Guam would be raised to \$82, \$2.8, and \$3.8 million, respectively.

D. AFDC Quality Control --

The moratorium on collections of disallowances would be extended under the AFDC Quality Control system until July 1, 1989.

E. Preeligibility Fraud Detection --

The Secretary of HHS would be instructed to develop regulations that allow a range of fraud detection activities.

## H.R. 1720: SUMMARY OF MAJOR PROVISIONS

### I. THE JOB OPPORTUNITIES AND BASIC SKILLS TRAINING (JOBS) PROGRAM

- o Requires each State to operate a JOBS program that includes a broad range of services and activities including education, job training and job readiness activities. Programs must include at least two of the following four activities: job search, CWEP or other work experience, grant diversion, or on-the-job training.
- o Requires that non-exempt AFDC recipients participate in the JOBS program. Exemptions would be granted to those who are (1) ill or incapacitated, (2) needed in the home to care for a household member, (3) parents caring for a young child, (4) working 30 or more hours a week, (5) children under age 16 or attending school, (6) women in at least the second trimester of pregnancy, and (7) residing in an area where the program is not available.
- o Establishes minimum JOBS participation rates for the non-exempt AFDC caseload in each State (7% for fiscal year 1990, growing to 20% for fiscal year 1995).
- o Provides for matching funds in the form of a capped entitlement. Funding would total \$600 million in fiscal year 1989, growing to \$1.3 billion by fiscal year 1995.
- o Requires that JOBS funds be targeted on those families most likely to have long stays on welfare: (1) families in which the custodial parent is under age 24 and has not completed high school or has had little or no recent work experience; (2) families in which the youngest child is within 2 years of being ineligible for assistance because of age; and (3) families who have received assistance for more than 36 months in the preceding 60-month period.

### II. SUPPORTIVE ASSISTANCE FOR FAMILIES WORKING TO LEAVE WELFARE

- o Requires that States guarantee child care if it is necessary for employment or education and training activities, and provides Federal matching funds at the Medicaid rate.
- o Requires that States reimburse JOBS participants for necessary transportation and other work-related supportive services, and provides Federal matching funds at a 50 percent rate (subject to the cap on JOBS funding).
- o Raises the earned income disregard from \$75 per month to \$90 per month, raises the child care expenses allowance by \$15 (\$40 for children under age 2), alters the sequencing of the disregards, and requires that States disregard the earned income tax credit when computing AFDC benefits.



### III. TRANSITIONAL ASSISTANCE FOR FAMILIES WHO LEAVE WELFARE

- o Requires that States provide transitional child care benefits for one year to families who leave welfare because of work, if the care is needed for employment. States would establish sliding-scale fee schedules based on ability to pay.
- o Requires that States extend Medicaid coverage for one year to families who leave welfare because of work. States could impose an income-related premium for health coverage during the second 6-month period for families with incomes above the poverty level.

### IV. THE AFDC-UP PROGRAM

- o Requires that all States have a program which provides AFDC benefits to two-parent families (AFDC-UP). Requires States that currently have an AFDC-UP program to continue to operate it without a time limit on eligibility. Other States could choose to limit AFDC-UP benefits to as few as 6 months in any 12-month period.
- o Requires that States provide full Medicaid coverage to families eligible for AFDC-UP, even in months when benefits are not paid because of the time limit.
- o Requires that, effective 1994-1998, a parent in each AFDC-UP family participate at least 16 hours per week in a work activity. Establishes minimum JOBS participation rates for the AFDC-UP caseload in each State (40% for fiscal year 1994, growing to 75% for fiscal years 1997 and 1998).

### V. CHILD SUPPORT AND THE ESTABLISHMENT OF PATERNITY

- o Requires that judges and other officials use State guidelines to set child support awards.
- o Requires States to make all parties in a contested paternity case take a genetic test if requested by any party, and provides a Federal matching rate of 90 percent.
- o Requires that States implement a computerized tracking and monitoring system for child support enforcement, and provides a Federal matching rate of 90 percent.
- o Requires States to automatically withhold child support payments from the wages of a non-custodial parent, unless there is good cause not to require withholding or a written agreement between both parents. For AFDC families, this requirement applies to child support orders issued or modified after 25 months from enactment of this bill. For non-AFDC families, this requirement applies to all orders initially issued on or after January 1, 1994.

## VI. OTHER MAJOR AMENDMENTS

- o Allows States to require minor parents to live with their parents in order to receive AFDC benefits.
- o Authorizes American Samoa to participate in all programs under title IV of the Social Security Act. Funding would be limited to \$1 million per year for AFDC, foster care and adoption assistance. Raises the limits on grants to Puerto Rico, the Virgin Islands, and Guam to \$82, \$2.8, and \$3.8 million, respectively.

## VII. REVENUE PROVISIONS

- o Extends for 5 years the program for IRS collection of nontax debts owed to Federal agencies.
- o Lowers the age of a dependent for whom the child care credit or exclusion may be claimed to ages under 13 (rather than 15, as under present law).
- o Reduces amounts eligible for the dependent care credit by amount of expenses excluded from taxable income by the dependent care exclusion.
- o Provides that the dependent care exclusion and credit are available only if the taxpayer reports on his or her tax return the correct name, address and taxpayer identification number (TIN) of the dependent care provider. However, the taxpayer is not required to report the TIN, but only the name and address, of a child care provider which is a tax exempt charitable institution. A taxpayer who fails to report the correct name, address and TIN of the child care provider is not denied the credit or exclusion if the taxpayer can demonstrate that he or she exercised due diligence in trying to provide the information.
- o Provides that a taxpayer claiming an exemption for a dependent who is at least two years old before the close of the taxable year (rather than 5 years old, as under present law) must include the social security number of the dependent on the taxpayer's tax return.
- o Provides that expenses incurred under nonaccountable account plans, that is, plans under which the taxpayer does not have to account to his or her employer for reimbursed expenses, or return to the employer reimbursements in excess of actual expenditures, are deductible only as itemized deductions subject to the two percent floor.

